

CASE 3184: Application of BENSON-
MONTIN-GREER DRLG. CORP. for an
amendment of Order R-2565.

CASE NO.

3184

Application,

TRANSCRIPTS,

SMALL Exhibits

ETC.

BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

May 5, 1965

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Re: INTERFERENCE TEST:
MANCOS PARTICIPATING AREA
CANADA OJITOS UNIT
PUERTO CHIQUITO POOL:
ORDERS R-2565 AND R-2855

Gentlemen:

We are submitting herewith for your approval the plan for one of our interference tests in the Puerto Chiquito Pool, as contemplated by Orders R-2565 and R-2855. A map of the Puerto Chiquito Pool is enclosed which shows on it the Canada Ojitos Unit within the Puerto Chiquito Pool, and the Mancos Participating Area within the Canada Ojitos Unit. Wells within this participating area are numbered, and are the wells included in this interference test, to which we refer herein.

Wells within the participating area and their locations are as follows:

| | | |
|-------|-----------------------------------|-------------|
| 12-11 | NW $\frac{1}{4}$ SW $\frac{1}{4}$ | Section 11 |
| 16-11 | SE $\frac{1}{4}$ SE $\frac{1}{4}$ | Section 11 |
| 11-13 | NE $\frac{1}{4}$ SW $\frac{1}{4}$ | Section 13 |
| 1-14 | NE $\frac{1}{4}$ NE $\frac{1}{4}$ | Section 14 |
| 1-23 | NE $\frac{1}{4}$ NE $\frac{1}{4}$ | Section 23. |

We propose that the interference test be conducted by steps as follows:

1. All wells in the participating area will be shut in until pressures have substantially stabilized, which we estimate will take thirty to sixty days.

2. The 16-11 will be produced while the remaining four wells are shut in. The remaining four wells will be observed for interference from the 16-11.

3. If interference is observed in the shut in wells of magnitudes deemed satisfactory, the 16-11 will be shut in after it has produced for a period of thirty to sixty days, and pressures again allowed to substantially stabilize, at which time the test will be concluded.

BOLACK - GREER, INC.

158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

New Mexico Oil Conservation Commission

Page No. 2
May 5, 1965

4. In the event production from the 16-11 by itself does not cause adequate interference as presumed in Item 3 above, then the 12-11 will be put on production, and both the 16-11 and 12-11 produced until adequate interference is measured in the shut in wells, and both producers will then be shut in for pressure stabilization.

At this time two of the wells have already been shut in. These are the 11-13 and the 1-14. The 1-23 is currently being tested prior to shut in, and it is our plan that all wells will be shut in by May 15th.

It is our understanding that under Order R-2855 we will be allowed to transfer allowables from the shut in wells to the producing wells in an amount not to exceed an increase of 100 percent of one top unit allowable to the producing wells. It is our further understanding that after the test has been completed, we will be allowed a period of six months to produce back allowables which will be accumulating during the periods of shut in. The amounts to be transferred to the producing wells can be determined after the shut in period and the wells which are to be produced are placed back on production.

We respectfully request your approval of the above plan of this proposed interference test.

Yours very truly,

BOLACK-GREER, INC.

BY: Albert R. Greer
Albert R. Greer
Vice-President

cc: U.S.G.S.
Roswell, New Mexico

cc: New Mexico Oil Conservation Commission
Aztec, New Mexico

ARG:nej



SKELLY OIL COMPANY

65 JAN 19 PM

EXPLORATION DEPARTMENT
ALBUQUERQUE DISTRICT
/ WILLIAM R. KENDALL, DIST. MANAGER
V. E. BARTLETT, DIST. LANDMAN
C. C. STITELER, DIST. GEOLOGIST

ADDRESS REPLY TO:
BOX 4115, STATION A
ALBUQUERQUE, NEW MEXICO 87106

January 18, 1965

Interference Test
Puerto Chiquito Area
Order No. R-2565 and as
Amended by Order No. R-2855

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Dear Mr. Porter:

Please refer to Bolack-Greer, Inc.'s letter to you dated January 15, 1965, as captioned above.

Please be advised that Skelly Oil Company has no objection to the interference test being conducted as set forth in Bolack-Greer's letter.

Very truly yours,

V. E. Bartlett
V. E. Bartlett
District Landman

VEB:sj
cc - Bolack-Greer, Inc.

OIL CONSERVATION COMMISSION

P. O. BOX 871

SANTA FE, NEW MEXICO

January 19, 1965

Bolack-Greer, Inc.
158 Petroleum Center Building
Farmington, New Mexico

Attention: Mr. Albert R. Greer

Gentlemen:

Reference is made to your letter of January 15, 1965, wherein you request authority to commence Phase I of the pressure interference tests authorized for your Canada Ojitos Unit Area by Commission Order No. R-2565 as amended by Order No. R-2855.

It is our understanding that you are not yet ready to shut in all of the wells which will ultimately be shut in, but you do wish to shut in Well No. 11-13, located in the NE/4 SW/4 of Section 13, Township 25 North, Range 1 West, inasmuch as this is the smallest well in the area and will probably take longer than the others to stabilize.

Authority is hereby granted to shut in said Well No. 11-13 with the provision that the allowable accruing to said well during its shut-in period may later be produced in accordance with the provisions of Order No. R-2565 as amended by Order No. R-2855. Pre-shut-in tests are also to be conducted in accordance with said orders.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/DSN/og

cc: Oil Conservation Commission - Aztec
Canada Ojitos Interference Test File
Case File 3184

BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

January 15, 1965

65 JAN 18 AM 8 15

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
Santa Fe, New Mexico

Re: INTERFERENCE TEST, PUERTO CHIQUITO
AREA: ORDER NO. R-2565 AND AS
AMENDED BY ORDER NO. R-2855

Dear Sir:

Bolack-Greer, Inc., operator of the Cañada Ojitos Unit, respectfully requests administrative approval to conduct an interference test in the Mancos Formation Participating Area (Gallup oil production) in the Canada Ojitos Unit.

Inasmuch as two of the wells which we would like to ultimately include in the interference test are still in the process of being completed or reworked, we cannot at this time state exactly which wells we would like to produce and which wells we would like to have shut in. We would, however, like to commence the test by shutting in the smallest well, which we believe will require the longest time to stabilize. We would therefore like to request approval to commence the test insofar as the shutting in of the first well is concerned, with the understanding that as soon as the wells now being completed or recompleted are in producing status, we will submit for further approval the remainder of the plan for the interference test.

In brief, the method we propose, assuming satisfactory completion of the wells now in progress, is as follows:

First, shut in the 11-13;

Second, after placing on production wells now in process of completion or recompletion, which are the 1-23 and the 1-14, shut in all remaining wells in the participating area. The wells which will be shut in will then be the 11-13, 1-14, 1-23, 12-11 and 16-11;

Third, after these wells have reached stabilization or appear to be close enough to stabilization for satisfactory testing, place two or three wells on production and leave two (or three) wells for observation wells in which to measure pressures;

Fourth, after an adequate drop in pressure in the shut-in wells has been observed and known to be of a magnitude greater

BOLACK - GREER, INC.
156 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

Mr. A. L. Porter, Jr.

Page No.2
January 15, 1965

than the reasonable probability of error of the instruments, shut all wells in again for another pressure equalization.


From information we have available at this time we estimate the first shut in period to be on the order of two to three months, and that the producing period to permit a 20 to 30 pound pressure drop will be on the order of three months, and the final shut in period one to two months.

We enclose with this application plat of the area of the interference test. On this plat is shown the Canada Ojitos Unit boundary and the individual leases within the unit, taken from Exhibit A of the Unit Agreement. Also shown is the present participating area to which the wells involved in the interference test belong. Also shown is an area defined as "Cross-Assigned Area". The cross-assigned area outside of the participating area is owned by participants in the participating area in equal shares. There is then no effective difference in ownership of the producing wells as compared to the immediately surrounding leases.

It is our understanding, in the event administrative approval is given to conduct this interference test, that prior to the shutting in of any well we will conduct the required pre-shut-in test to determine the amount of allowable which may be transferred from this well to a transfer well. In this regard we would like to commence the 72-hour test for the 11-13 on Wednesday, January 20th. The pre-shut-in test will be conducted by our engineer, Mr. S. J. Stanley, with the assistance of the lease pumpers. This well is produced into its own individual battery, which facilitates testing. We would welcome a Commission representative witnessing the test.

Respectfully submitted.

BOLACK-GREER, INC.

BY: 
Albert R. Greer
Vice-President

cc: New Mexico Oil Conservation Commission
Aztec, New Mexico

cc: Skelly Oil Company, Albuquerque, New Mexico
Attention: Mr. V. E. Bartlett

ARG:nej

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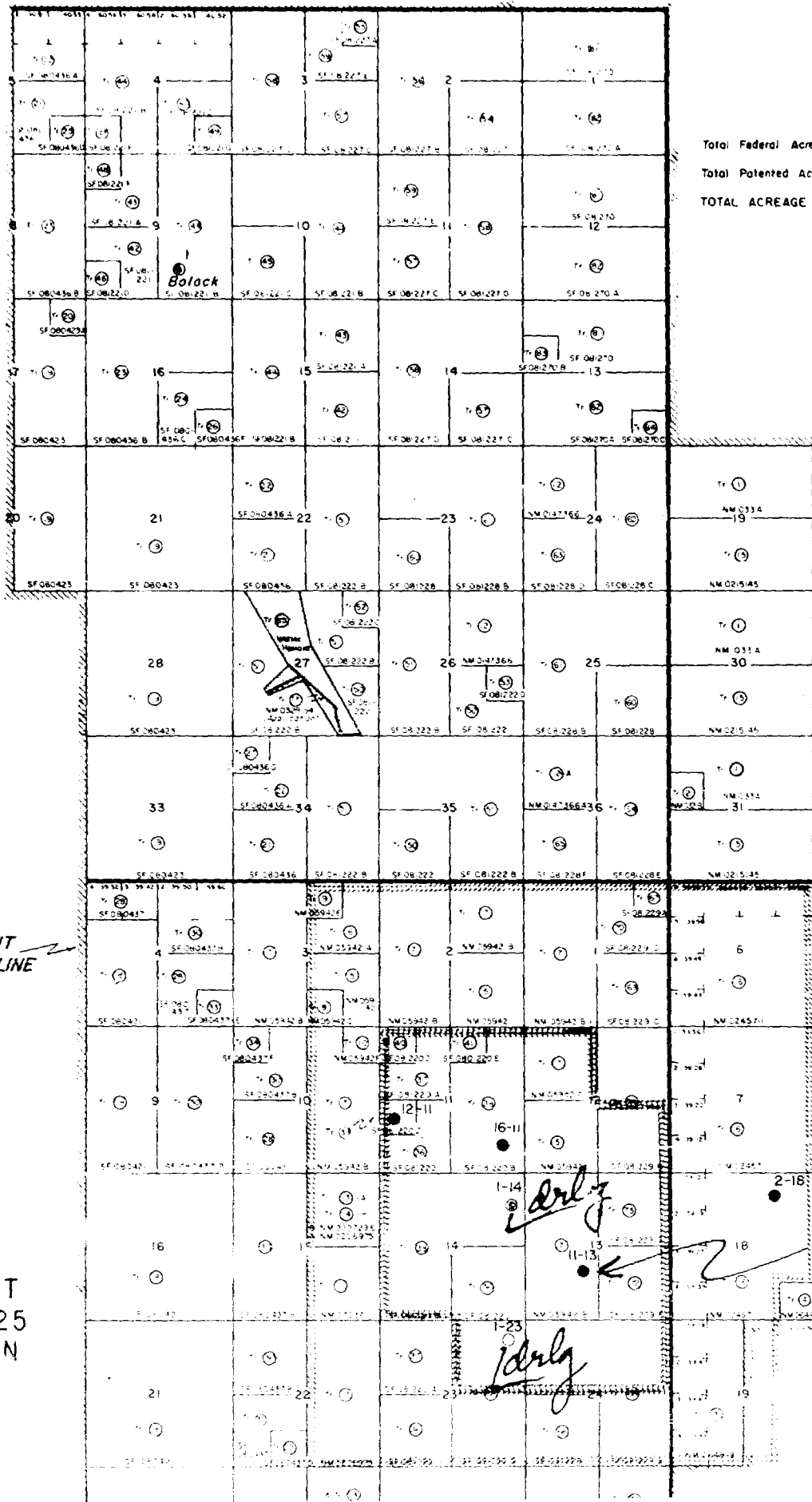
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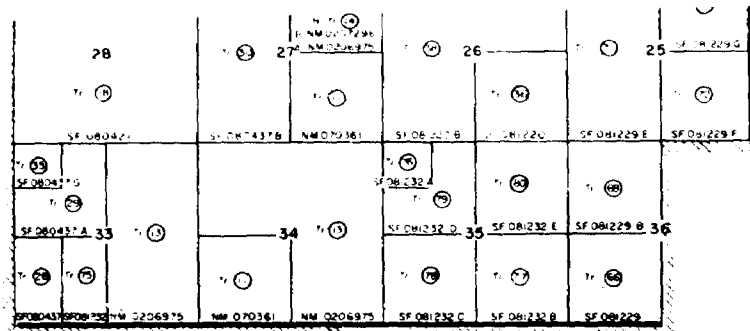
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| | | |
|------------------------|-----------|---------|
| Total Federal Acreage | 35,677-90 | 99-56 % |
| Total Patented Acreage | 151-94 | 42% |
| TOTAL ACREAGE IN UNIT | 35,829-84 | 100-00% |



Federal Land
Patented Land

EXHIBIT "A"
CANADA OJITOS UNIT
RIO ARRIBA CO., NEW MEXICO

LEGEND



PARTICIPATING AREA



CROSS ASSIGNED AREA



Producing Oil Well



Well Drilling or
Recompleting

RIW

BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

January 15, 1965

Skelly Oil Company
Box 4115, Station A
Albuquerque, New Mexico

Attention: Mr. V. E. Bartlett
District Landman

Re: CANADA OJITOS UNIT
INTERFERENCE TEST

Gentlemen:

We are sending you herewith copy of letter to
the New Mexico Oil Conservation Commission regarding
proposed interference test.

If Skelly has no objections, we would appreciate
your so advising the Commission.

Yours very truly,
BOLACK-GREER, INC.

ORIGINAL SIGNED
BY ALBERT R. GREER

BY: Albert R. Greer
Vice-President

cc: New Mexico Oil Conservation Commission
Santa Fe, New Mexico

ARG:nej

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BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

May 3, 1965

Mr. A. L. Porter, Jr.
Secretary-Director
New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Re: INTERFERENCE TEST, PUERTO
CHIQUITO AREA: ORDER R-2565
AND AS AMENDED BY ORDER R-2855

Dear Mr. Porter:

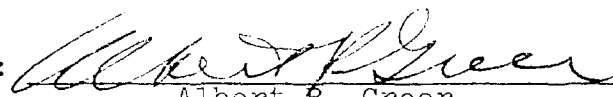
In continuation of the interference test described in our letter of January 15th, we would like to shut in the third producing well in the next few days. The first and second wells, Canada Ojitos 11-13 and Canada Ojitos 1-14, are both shut in at this time. This third well which we would like to shut in is the Canada Ojitos 1-23.

We request that the three-day pre shut in production test on the 1-23 be commenced Thursday, May 6th. It is our understanding that the amount of allowable which can be transferred from this well to another transfer well will be determined by this test.

In the next few days we will submit for your approval the overall test plan. At this time we are only requesting that the 1-23 be tested, in order that its allowable may be transferred to another well or wells in accordance with Order R-2855.

Respectfully submitted,

BOLACK-GREER, INC.

BY: 
Albert R. Greer
Vice-President

cc: Mr. Emery C. Arnold
New Mexico Oil Conservation Commission
Aztec, New Mexico

ARG:nej

6
May 1965

BOLACK - GREER, INC.
155 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

May 5, 1965

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Re: INTERFERENCE TEST:
MANCOS PARTICIPATING AREA
CANADA OJITOS UNIT
PUERTO CHIQUITO POOL:
ORDERS R-2565 AND R-2855

Gentlemen:

We are submitting herewith for your approval the plan for one of our interference tests in the Puerto Chiquito Pool, as contemplated by Orders R-2565 and R-2855. A map of the Puerto Chiquito Pool is enclosed which shows on it the Canada Ojitos Unit within the Puerto Chiquito Pool, and the Mancos Participating Area within the Canada Ojitos Unit. Wells within this participating area are numbered, and are the wells included in this interference test, to which we refer herein.

Wells within the participating area and their locations are as follows:

| | | |
|-------|-----------------------------------|-------------|
| 12-11 | NW $\frac{1}{4}$ SW $\frac{1}{4}$ | Section 11 |
| 16-11 | SE $\frac{1}{4}$ SE $\frac{1}{4}$ | Section 11 |
| 11-13 | NE $\frac{1}{4}$ SW $\frac{1}{4}$ | Section 13 |
| 1-14 | NE $\frac{1}{4}$ NE $\frac{1}{4}$ | Section 14 |
| 1-23 | NE $\frac{1}{4}$ NE $\frac{1}{4}$ | Section 23. |

We propose that the interference test be conducted by steps as follows:

1. All wells in the participating area will be shut in until pressures have substantially stabilized, which we estimate will take thirty to sixty days.
2. The 16-11 will be produced while the remaining four wells are shut in. The remaining four wells will be observed for interference from the 16-11.
3. If interference is observed in the shut in wells of magnitudes deemed satisfactory, the 16-11 will be shut in after it has produced for a period of thirty to sixty days, and pressures again allowed to substantially stabilize, at which time the test will be concluded.

BOLACK - GREER, INC.
156 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

New Mexico Oil Conservation Commission

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May 5, 1965

4. In the event production from the 16-11 by itself does not cause adequate interference as presumed in Item 3 above, then the 12-11 will be put on production, and both the 16-11 and 12-11 produced until adequate interference is measured in the shut in wells, and both producers will then be shut in for pressure stabilization.

At this time two of the wells have already been shut in. These are the 11-13 and the 1-14. The 1-23 is currently being tested prior to shut in, and it is our plan that all wells will be shut in by May 15th.

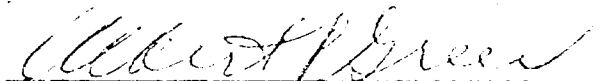
It is our understanding that under Order R-2855 we will be allowed to transfer allowables from the shut in wells to the producing wells in an amount not to exceed an increase of 100 percent of one top unit allowable to the producing wells. It is our further understanding that after the test has been completed, we will be allowed a period of six months to produce back allowables which will be accumulating during the periods of shut in. The amounts to be transferred to the producing wells can be determined after the shut in period and the wells which are to be produced are placed back on production.

We respectfully request your approval of the above plan of this proposed interference test.

Yours very truly,

BOLACK-GREER, INC.

BY:



Albert R. Greer
Vice-President

cc: U.S.G.S.
Roswell, New Mexico

cc: New Mexico Oil Conservation Commission
Aztec, New Mexico

ARG:nej

BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

May 8, 1965

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

Re: INTERFERENCE TEST:
MANCOS PARTICIPATING AREA
CAÑADA OJITOS UNIT
PUERTO CHIQUITO POOL:
ORDERS R-2565 AND R-2855

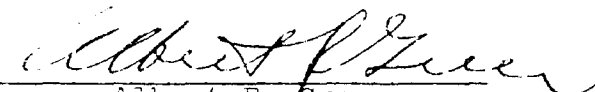
Gentlemen:

With reference to our letter of May 5th, attached are maps relative to this application. One is an area map of the entire Puerto Chiquito Pool, and the other is a location plat showing the immediate area of the proposed interference test.

Yours very truly,

BOLACK-GREER, INC.

BY:


Albert R. Greer
Vice-President

cc: U.S.G.S.
Roswell, New Mexico

cc: U.S.G.S.
Farmington, New Mexico

cc: New Mexico Oil Conservation Commission
Aztec, New Mexico

ARG:ne,j

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

May 13, 1965

Bolack-Greer, Inc.
158 Petroleum Center Building
Farmington, New Mexico

Attention: Mr. Albert R. Greer

Gentlemen:

Reference is made to your letters of May 3 and May 5, 1965, wherein you advise that you are now ready to proceed further with the Puerto Chiquito Area Interference Tests authorized by Order No. R-2855. By our letter of January 19, 1965, you were authorized to commence Phase I of the tests and shut in Well No. 11-13, Well No. 1-14 has also been shut in.

It is our understanding that you now wish to conduct production tests on Wells Nos. 12-11, 16-11, and 1-23, and that by May 15 all wells will have been tested and shut in for pressure stabilization.

You are hereby authorized to test, shut in, and produce the above-described wells in accordance with the program outlined in your letter of May 5, 1965. Upon restoration of any well to production, that well may produce its own as well as transferred allowable up to a maximum of one top unit allowable for the pool.

Any allowable which is not thus produced on a current basis will be permitted to be produced during the six-month period immediately following the final pressure

OIL CONSERVATION COMMISSION

P. O. BOX 2088

SANTA FE, NEW MEXICO

Bolack-Greer, Inc.

Page 2

stabilization period.

Please keep this office as well as the Commission's Aztec office advised as to the status of the tests, including notice as to when the various wells are shut in and when they are restored to production.

Very truly yours,

A. L. PORTER, Jr.,
Secretary-Director

ALP/DSH/og

cc: U. S. Geological Survey
Roswell, New Mexico

Oil Conservation Commission - Aztec

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BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

June 8, 1965

New Mexico Oil Conservation Commission
P.O. Box 2088
Santa Fe, New Mexico

Attention: Mr. A. L. Porter, Jr.
Secretary-Director

*File
Case 3184*

Re: INTERFERENCE TEST:
MANCOS PARTICIPATING AREA
CAÑADA OJITOS UNIT
PUERTO CHIQUITO POOL:
ORDERS R-2565 AND R-2855

Gentlemen:

Referring to our previous correspondence, and particularly your letter of May 13th, for the purpose of computing carry forward allowables the shut-in dates of these test wells are as follows:

11-13 - NE $\frac{1}{4}$ SW $\frac{1}{4}$ Section 13

Shut in in January and allowable transferred to the 16-11.

1-14 - NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 14

Shut in May 1st. Allowable not transferred.

12-11 - NW $\frac{1}{4}$ SW $\frac{1}{4}$ Section 11

Shut in May 15th. Allowable not transferred.

1-23 - NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 23

Shut in June 7th. Allowable not transferred.

16-11 - SE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 11

Shut in June 8th. Allowable not transferred.

It is our understanding that the transferred allowable from the 11-13 has been accounted for up until June 8th, the date at which the transfer well was shut in. None of the

BOLACK - GREER, INC.
158 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

New Mexico Oil Conservation Commission

Page No. 2
June 8, 1965

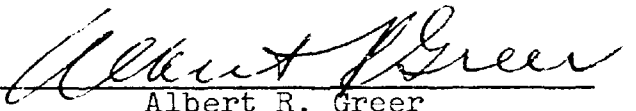
other allowables which will accrue to the shut-in wells have been produced.

If any further information is required, please advise.

Yours very truly,

BOLACK-GREER, INC.

BY:


Albert R. Greer
Vice-President

cc: Mr. Emery C. Arnold
New Mexico Oil Conservation Commission
Aztec, New Mexico

ARG:ncj

State of New Mexico
Oil Conservation Commission



STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY • DIRECTOR

Hobbs OCC _____ X
Artesia OCC _____
Astec OCC _____ X
OTHER _____

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 3184
Order No. R-2855

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION FOR AN AMEND-
MENT OF ORDER NO. R-2565, RIO ARriba
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m. on December 15, 1964, at Santa Fe, New Mexico, before Examiner Elvis A. Utz.

NOW, on this 29th day of December, 1964, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Benson-Montin-Greer Drilling Corporation, seeks amendment of Order No. R-2565 to permit the accumulation of allowables for wells shut in for interference tests, to permit the transfer of back allowables from shut-in wells, and to permit a transfer well to produce its own allowable plus a transferred allowable up to 100% of one top unit allowable for the Puerto Chiquito-Gallup Oil Pool during the six-month period following completion of interference tests.

(3) That approval of the subject application will facilitate the gathering of information pertaining to reservoir characteristics in the Puerto Chiquito-Gallup Oil Pool, and will thereby prevent waste and protect correlative rights.

IT IS THEREFORE ORDERED:

(1) That Paragraph (4) of the ordering provisions of Order No. R-2565 is hereby amended to read in its entirety as follows:

(4) That the Secretary-Director of the Commission is hereby authorized to approve interference tests and the transfer of allowables to wells on the same lease or, if in a unitized area, to wells in the same participating area, provided however, that no transfer well shall be permitted to receive, in addition to its own allowable, more than one top unit allowable for the Puerto Chiquito-Gallup Oil Pool; that the Secretary-Director of the Commission is hereby authorized to permit the accumulation of allowables for wells shut in for interference tests and to permit the transfer of back allowables from shut-in wells, provided however, that the period of time authorized to produce back allowable shall not exceed six months following completion of the interference tests.

To obtain administrative approval for interference tests and the transfer of allowable, the operator shall submit in triplicate a request for such authority describing in detail the proposed method of conducting such tests and transferring the allowable. The application shall be accompanied by a plat showing thereon all Gallup wells within a radius of two miles of the proposed shut-in well (s) and the transfer well (s). The plat shall also identify each lease or participating area as to ownership or operating rights. The application shall include evidence that all offset operators to the shut-in well (s) and the transfer well (s) have been furnished a complete copy of the application. It shall also be accompanied by Form C-116 for each shut-in well, showing the results of a pre-shut-in test to determine the amount of allowable to be transferred. The transferred allowable shall not exceed the volume of oil produced during the last 24 hours of a 72-hour period during which the well shall be produced at a constant rate. The Commission and offset operators to both the shut-in well (s) and the transfer well (s) may witness such tests if they so desire and shall be notified of the tests at least 48 hours prior to the commencement thereof.

The Secretary-Director of the Commission may grant approval of the interference tests and transfer of allowable upon receipt of waivers from all offset operators or upon expiration of a 20-day waiting period, provided no offset operator has objected to the proposed test and transfer.

-3-

Case No. 3184

Order No. R-2855

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Jack M. Campbell

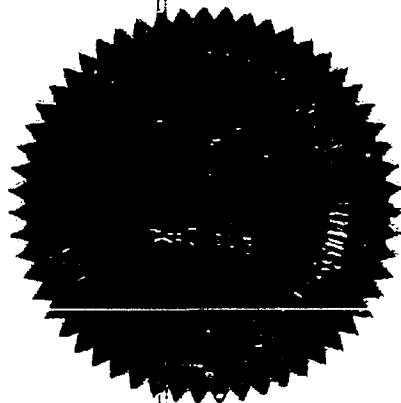
JACK M. CAMPBELL, Chairman

E. S. Walker

E. S. WALKER, Member

A. L. Porter, Jr.

A. L. PORTER, Jr., Member & Secretary



iz/

Case 3184

Heard 12-15-64

Res. 12-18-64

1. Grant Benson-Montic- Greer permission to conduct interference tests in any sections, 10, 11, 12, 13, 14, 15, 22, 23, 24, T 25N, 1W. Puerto Chiguito. Salinas oil Pool.

2. Tests shall be ~~be~~ conducted in following manner.

- a. All wells to be involved in the test shall be S.I. until pressures have stabilized sufficiently to enable the operator to conduct a conclusive interference test.
- b. Any of the five wells involved in the test may be produced until the shut-in wells show a decrease in pressure in an amount to conclusively determine ~~inter~~ interference with the producing wells.
- c. Shut-in all wells in Area until pressure is reasonably stabilized.

→ In particular ^{operator's} for wells: ~~the~~:

Cañada Ojitos # 12-11 L-11-25-1W.

- - - # 16-11 P- - - -

- - - # 1-14 A 14- - - -

- - - # 11-13 (1 13- - - -

- - - # A 23 A 23- - - -

JOEL B. BURR, JR.
WM. J. COOLEY

BURR & COOLEY
ATTORNEYS AND COUNSELORS AT LAW
SUITE 152 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO

November 17, 1964

TELEPHONE 325-1702

Case 3184

New Mexico Oil Conservation Commission
Post Office Box 2088
Santa Fe, New Mexico

Gentlemen:

Forwarded herewith is the Application of BENSON-MONTIN-GREER
DRILLING CORP. for an order amending Order No. R-2565 in certain
particulars.

Please set this Application down for the Examiner Hearing on
December 15, 1964.

Thank you.

Very truly yours,

BURR & COOLEY

William J. Cooley
By

William J. Cooley

WJC:kp
Encs.

DOCKET MAILED

12-4-64

cc: BENSON-MONTIN-GREER DRILLING CORP.
158 Petroleum Center Building
Farmington, New Mexico

DOCKET: EXAMINER HEARING - TUESDAY - DECEMBER 15, 1964

9 A.M. - OIL CONSERVATION COMMISSION CONFERENCE ROOM, STATE LAND OFFICE

BUILDING - SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Elvis A. Utz, Alternate Examiner:

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Application of Atlantic Refining Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Culwin Queen Unit Area comprising 820 acres, more or less, of State and Federal lands in Townships 18 and 19 South, Ranges 30 and 31 East, Eddy County, New Mexico.
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- CASE 3163: Application of Gulf Oil Corporation for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard gas proration unit comprising the E/2 SE/4 of Section 28, and the NE/4 NE/4 of Section 33, Township 21 South, Range 37 East, Blinebry Gas Pool, Lea County, New Mexico. Said unit to be dedicated to its J. N. Carson Well No. 6 located in Unit P of said Section 28.
- CASE 3164: Application of Gulf Oil Corporation for a waterflood expansion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to expand its W. A. Ramsay (NCT-A) waterflood project, South Eunice Pool, to include one additional water injection well to be located approximately 1320 feet from the South and West lines of Section 34, Township 21 South, Range 36 East, Lea County, New Mexico.
- CASE 3165: Application of Sam Boren & Major & Giebel Oils for a non-standard proration unit, Lea County, New Mexico. Applicants, in the above-styled cause, seek approval of a 104.18 acre non-standard oil proration unit comprising all of lots 1 and 2 of Section 1, Township 11 South, Range 33 East, South Lane Pool, Lea County, New Mexico, to be dedicated to a well to be drilled within 150 feet of the center of said lot 1.
- CASE 3166: Application of Tenneco Oil Company for four non standard proration units, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the approval of the following four non-standard oil proration units in the South Lane Pool:
- Unit No. 1, 93.61 acres comprising the E/2 SE/4 and Lot 1 of Section 6, dedicated to applicant's State "E" Well No. 1 located in Unit P of Section 6;
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December 15th Examiner Hearing

Unit No. 3, 92.87 acres comprising the E/2 SW/4 and Lot 3 of Section 6, dedicated to applicant's State "F" Well No. 1 located in Unit K of Section 6;

Unit No. 4, 81.76 acres comprising Lots 4, 5, and 6 of Section 6, dedicated to a well to be drilled 100 feet North of the center of Lot 5 of Section 6, all in Township 11 South, Range 34 East, Lea County, New Mexico.

- CASE 3167: Application of IMC Drilling Mud, a division of International Minerals and Chemical Corporation for an amendment of Rule 107. Applicant, in the above-styled cause, seeks an amendment to Rule 107 of the Commission Rules and Regulations to provide an administrative procedure whereby oil-base casing packing material could be used in lieu of a portion of the portland cement normally used in cementing oil well casing.
- CASE 3168: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the San Andres, Glorieta and Yeso formations through the open hole interval from 5000 feet to 9000 feet in its Fannye M. Holloway Well No. 1 located in Unit B of Section 13, Township 17 South, Range 38 East, South Knowles Devonian Pool, Lea County, New Mexico.
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- CASE 3170: Application of Pan American Petroleum Corporation for force-pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order force-pooling all mineral interests in the Basin Dakota Pool underlying the E/2 of Section 8, Township 30 North, Range 13 West, San Juan County, New Mexico.
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- CASE 3177: Application of Sinclair Oil & Gas Company for an amendment of Order No. R-1148, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an amendment of Order No. R-1148, which order authorized a 160-acre non-standard Tubb gas pool proration unit comprising the W/2 SW/4, SE/4 SW/4, and SW/4 SE/4 of Section 26, Township 21 South, Range 37 East, Lea County, New Mexico, to be dedicated to its J. R. Cone Well No. 1 located in Unit M of said Section 26. Applicant seeks the rededication of said unit and the allowable accrued thereto to its J. R. Cone Well No. 2 located in Unit L of said Section 26.
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- CASE 3182: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) E Unit Area comprising 12,323 acres, more or less, of Federal, State and Fee lands in Townships 8 and 9 South, Range 25 East, Chaves County, New Mexico.
- CASE 3183: Application of Shell Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of the Comanche (San Andres) F Unit Area comprising 22,049 acres, more or less, of Federal, State and Fee lands in Townships 8 and 9 South, Ranges 25 and 26 East, Chaves County, New Mexico.
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BEFORE THE OIL CONSERVATION COMMISSION
OF NEW MEXICO

IN THE MATTER OF THE APPLICATION)
OF BENSON-MONTIN-GREER DRILLING)
CORP. FOR AN ORDER AMENDING ORDER)
NO. R-2565 WITH REGARD TO THE METHOD)
OF CONDUCTING INTERFERENCE TESTS AND)
PERMITTING TRANSFER OF ALLOWABLES.)

A P P L I C A T I O N

Comes now BENSON-MONTIN-GREER DRILLING CORP. by and through its attorneys, BURR & COOLEY, and respectfully makes application to the Oil Conservation Commission of New Mexico for an order amending Commission Order No. R-2565 in the following particulars:

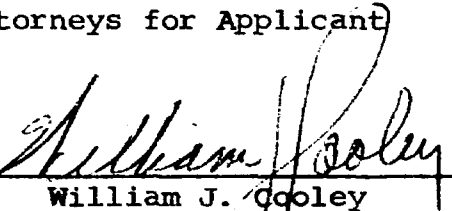
- (a) To permit the accumulation and transfer of back allowables on shut-in test wells;
- (b) To permit a transfer well to produce its own allowable plus a transferred allowable equal to 100% of one top unit allowable for the Puerto Chiquito - Gallup Oil Pool;
- (c) To permit the production of transferred current and/or back allowable from transfer wells at any time during a period of one year after the date said allowables are respectively allocated;
- (d) To otherwise generally amend and revise Order No. R-2565 with regard to the method of conducting interference tests in the Puerto Chiquito - Gallup Oil Pool and permit the accumulation of back allowables resulting from shut-in of test wells and authorizing the subsequent production and/or transfer of both current allowables and accumulated back allowables

from other wells on the same lease or, if unitized,
the same participating area.

In support of the foregoing, Applicant would show the Commission that the above requested amendments and revisions of Order No. R-2565 are necessary and justified in order to permit Applicant to properly and adequately conduct interference tests in the Puerto Chiquito - Gallup Oil Pool and at the same time avoid undue hardship and financial loss as a result of conducting said tests.

Respectfully submitted,

BURR & COOLEY
Attorneys for Applicant

By 
William J. Cooley
152 Petroleum Center Building
Farmington, New Mexico

dearnley-meier reporting service, inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
December 15, 1964

EXAMINER HEARING

IN THE MATTER OF:

Application of Benson-Montin-Greer
Drilling Corporation for an amendment of
Order No. R-2565, Rio Arriba County, New
Mexico. Applicant, in the above-styled cause
seeks an amendment of Order No. R-2565 to
permit the shutting-in of wells for inter-
ference tests, to permit the accumulation and
transfer of back allowables for said shut-in
wells, and to permit a transfer well to produce
its own allowable plus a transferred allowable
up to 100% of 1 top unit allowable for the
Puerto Chiquito-Gallup Oil Pool at anytime
during the period of one year after the
original assignment of said allowable.

Case No. 3184

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

dearnley-meier reporting service inc.

SPECIALIZING IN: DEPOSITIONS, HEARINGS, STATEMENTS, EXPERT TESTIMONY, DAILY COPY, CONVENTIONS

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allowables for said shut-in wells, and
to permit a transfer well to produce
its own allowable plus a transferred
allowable up to 100% of 1 top unit
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Oil Pool at anytime during the period of one
year after the original assignment of said
allowable.

Case No. 3184

BEFORE: ELVIS A. UTZ, EXAMINER

TRANSCRIPT OF HEARING

MR. UTZ: The hearing will come to order, please.

Case 3184.

MR. DURRETT: Application of Benson-Montin-Greer Drilling Corporation for an amendment to Order No. R-2565, Rio Arriba County, New Mexico.

MR. COOLEY: Jack Cooley, appearing on behalf of the applicants, we have one witness, Mr. Albert R. Greer.

(Witness sworn)

ALBERT R. GREER

called as a witness, having been first duly sworn, was examined and testified as follows:

DIRECT EXAMINATION

BY MR. COOLEY:

Q State your full name for the record, please.

A Albert R. Greer.

Q And with whom are you employed?

A With Benson-Montin-Greer Drilling Corporation.

Q Mr. Greer, are you familiar with the oil operations in the vertical Chiquito Pool in Rio Arriba County, New Mexico?

A Yes, sir, I am.

Q Now, are you familiar with the provisions of Oil Commission Order R-2565 governing operations in that pool?

A Yes, sir.

Q Specifically directing your attention to the provisions of that order with regard to the conduct of the interference

tests, are you familiar with those?

A Yes, sir, I am.

Q Have you prepared a general area map that would show the Chiquito Pool Area?

A Yes, sir.

Q And that has been marked as Exhibit 1, and I ask you if this is the map which you have referred.

A Yes.

Q Mr. Greer, would you briefly outline for the benefit of the Examiner the interference tests that have been conducted to date in this pool?

A Yes, sir, I'd like to cover it in a rather broad description without going into detail. We have conducted several interference tests in wells which we have drilled and to date we have constrained our development in one area, in the south part of the Chiquito Pool and another in the north part and from information we have gathered to date we can determine we are now ready to make a rather comprehensive interference test and as background for that, I'd say as to the wells in the south part of the pool which are deeper wells, approximately 6500 feet in depth, shown on Exhibit 1 inside the green circle, we have conducted two tests which we would consider interference tests. One involved two wells, the wells marked 16-11 and 1-14. And another test involved the

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12-11 and the 16-11, the tests that we have made to date indicate to us that we have very good communication, a high degree of interference to wells in this area and we have concluded one or two things from these first tests. Number one, in the course of making the tests we found the reliability of course, pressure measuring equipment or bottom hole pressure bombs to have an accuracy something on the order of five to ten pounds and we just believe, we cannot depend on that to a higher degree of accuracy than that.

Q What have you done to reduce the possibility of reducing the ~~air~~ ^{error}?

A In order to reduce the ~~air~~ ^{error}, we take multiple tests or multiple rereadings, whenever we take pressure tests we protect the pressure measured on these tests and average those measurements, and ordinarily we run two tests, so we have two runs for each pressure measurement. We think we can improve the accuracy somewhat, but at the same time it's not good enough that we feel that we can rely on, say a pressure differential of five to ten pounds as being definite of interference between wells.

Q What magnitude of pressure differential or interference do you feel is necessary to give you a clearcut indication of the interference?

A My feeling is that we should have a pressure decrease

or increase, depending on the type of test, of at least 30 pounds. In other words, three to four times the magnitude of what we consider the accuracy of bombs.

Q Have you used any other pressure tests other than bottom hole pressure tests which indicate interference to you?

A For example, at the time when the tests were run on wells 16-11 and 12-11 which was run in October, and at that time we had just fractured the 12-11 and we had dead oil in the hole and as a result we could measure the fluid level in the 12-11 by a wooden float of a wire line and determine where the top of the fluid was, then as the pressure dropped in this well the fluid level dropped and we could measure this fluid level with a greater degree of accuracy than we could measure the bottom hole pressure. We think this is a very sensitive method of determining the pressure. So, although from this information we are certain that we have interference in communication, in order to determine it in a fashion which we feel the Commission needs, the type of evidence they would like to have, we need more prolonged tests than we have taken so far.

Q With regard to the tests that you have conducted to date in this area, what expenses did you have, what your company laid out in order to make these tests?

A So far in obtaining pressure and interference data

since the hearing which established the three year temporary order under which we're operating, we spent approximately \$19,500 in direct cost of engineering, time and equipment rental, and for purchases, an additional amount approximating \$6,000, and such costs as a bottom hole pressure bomb. Also, time waiting on the outcome of one of the tests and we have what we consider lost an allowable amounting to 16,240 barrels of oil which is \$1.66 a barrel, so that we would say that we have spent \$52,500 in making interference tests and obtaining data relative to interference tests. I'd like to point out in regard to the loss of production that this is not shown in our records as lost allowables for the simple reason that under the circumstances and the rules which now are set up for interference tests we realize that we could not recover the oil that would be lost and so we just delayed potentialing the two wells involved until after we had made the interference tests.

This saves the costs of running the tubing twice, the first potential well and then the shut-in and then putting it back on production.

Q Well, then, Mr. Greer, in order to develop the information that is in your opinion necessary to give conclusive evidence of interference and drainage capabilities in this pool, what type of tests do you feel will be necessary within the

next two years?

A Well, as to this one area which is the one we'd like to make our first comprehensive interference tests --

Q Is this area circled in green?

A Yes. We feel that we will need first to shut all the producing wells in this area which right now there are three completed wells and one well being recompleted or reworked and one --

Q Let me interrupt you, are the three wells which are not completed in solid color, are those the ones that are not producing?

A That's correct, the three wells in solid color are wells that are not producing. The others are being in the process of being reworked.

Q Now, would you proceed with your outline of your proposed tests that you want to conduct?

A From our first experience with that and the fact that they were bombs, we feel that we need to produce about 90,000 barrels of oil in order to obtain the proper thirty pound draw down that we feel we need in order to show this interference. This is one thing we've determined. Another thing we've determined is that we're going to have to have all the wells involved in the test in one fashion or another in order to properly control it by extrapolating our data and go

back to the results that we have accumulated in our interference tests that we took in October of the 12-11 and 16-11. These wells, although 4,000 feet apart, showed interference completions within eight hours after shutting all the wells in. From this we concluded it's necessary that all the wells be taken into account. It's pretty obvious that a well a mile or a mile and a half from another, its production will have an interference on the subject well. So, in order to deal with these small pressure differentials and properly commence a test we're going to have to shut the field in and we estimate this will require thirty to sixty days.

Q Now, you said "shut in the field." Do you mean the test area?

A Yes, I mean the test area, the area colored in green. The wells in this area are some, oh, ten to twelve miles from the other wells that we feel are in the same common source of supply, and we feel that we can conduct a test within the area shown in the green circle without being influenced by other wells.

Q Now, how long do you feel it will be necessary to shut in the five wells in question in order to obtain a pressure measurement?

A Oh, thirty to sixty days, then we would like to produce one or probably two of the wells and shut in three or

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produce two and shut three in, depending on the outcome of the wells presently being completed, and during this producing period then, if the two wells that are producing cannot produce the allowable for five wells, then we would under our present rules lose the allowable then. Of course, the present rules for conducting interference tests do not permit making up back allowables and the problem that we face and the one that we're most concerned with here now is loss of allowables, if we conduct this test in the manner that we think it needs to be conducted and the amount of oil that we would lose we estimate to be substantial and we arrived at it in this fashion.

Assuming that the other two wells are completed as top allowable wells -- now, I might point out two wells are capable of producing top allowable, one of the wells which we are reworking if it makes a well of the calibre I think it will, it should be a top allowable well and then the other well which we are currently completing we have no knowledge of, but of course, we hope to. If so, our allowable for the wells inside the green circle would be about 1200 barrels a day. If we shut them in for two months we would have about an allowable of 72,000 barrels. Then, if the test takes three months and how much of the allowable that we can produce during this period that part of the wells are shut in, I don't know, but I think it's possible that we might be able to produce only half of the

total allowable.

This means then we would lose half of our allowable for three months or 18,000 barrels a month or 54,000 barrels. Then, at the end of the interference tests we would have lost an allowable amounting to 72,000 barrels plus 54,000 or 126,000 barrels of oil. Now, this would probably all that we would have to do to establish a complete interference test. It would be desirable, however, to shut the wells in again at the end of the test and obtain buildup pressures. Whether we do this, of course, is not absolutely necessary, but I think it would be good information. I think the Commission would like to have it and if so, we would be faced with the future loss of allowables.

But if we stop the test at the point which I think is the absolute minimum time required we would have lost 126,000 barrels of oil which at our present net value to the working interests of \$1.66 a barrel is something like \$200,000 that we would lose in allowables which would be a cost to us of this cost in addition to our direct costs of pulling the tubing and engineers' time for actually running the pressures and so on.

Q What do you estimate that the direct costs of the proposed tests would be, Mr. Greer?

A I'll have to think just a minute, I haven't made an estimate on that. Well, it would be several thousand dollars.

Q Then, in addition to the direct costs, if your request is not granted here in regard to an allowable you're faced with the loss of production valued at approximately \$200,000?

A Well, of course, we are willing to and pleased to have the opportunity to put our engineers to work on this and to provide that cost. What we are a little concerned about is the loss of allowable, in fact quite concerned.

Q Now, specifically, Mr. Greer, am I to understand then that we are seeking to amend Order R-2565 to permit the accumulation of back allowables?

A Yes, sir.

Q And specifically to permit a transfer well to produce its only allowable plus a transfer allowable to 10 per cent of the top unit allowable for the pool rather than the present 50 per cent limitation?

A Yes, sir.

Q And thirdly, would you have any comments?

A Yes, sir, I do.

Q Thirdly, to permit the production of transferred current and/or back allowable from transferred wells at any time during a period of one year after the date said allowables are respectively allocated?

A Yes.

Q And to otherwise generally amend and revise the order to permit the tests proposed and the prevention of the loss of allowable?

A Yes, sir.

Q Now, what comments did you have with regard to this?

A Now, it will take about a year to make up this allowable and the reason for that is, of course, if we shut the wells in for three months and then make a three months' test during which time we probably could not make up any allowables. In fact, I imagine we would be losing additional allowables. We then consumed six months from the time the allowable was earned before we have even commenced to produce it, that is the back allowable. And unless we have exceptional wells which, of course, it would probably take us several months to make up the back allowable from the producing wells.

Q Now, Mr. Greer, you testified that two of your presently reproducing wells are top allowable wells and you anticipate that the reworked well will be a top allowable well and hope that the well now being completed will also be?

A Yes.

Q Do they have sufficient producing capacities? Do you feel that these wells will have sufficiently producing capacities to make up the back allowable?

A Yes, sir, I believe that the top allowable wells now



have capacities in and above the amount of the top allowable.

Q Above current allowable?

A Above current top allowable, just exactly how much above top allowable these wells could produce on a sustained basis I don't know, but we would like to have the right and authority to, in the event they would make allowables, to be able to produce the two allowables out of one well during the period of the test, or during the time that the other wells were shut in.

Q Mr. Greer, are there any other operators in this area whose rights may possibly be affected by granting the release you are requesting here?

A No, sir. The wells which would be in the first test which we propose are all within the single participating area in the Ojitos Unit. The ownership is common and it is several miles to any other wells and we believe that there would be no other working interest owners or royalty owners affected by this test in any manner whatsoever.

Q Mr. Greer, in view of the reservoir characteristics of this pool as they are known to you, is there any possibility of high producing rates resulting in waste?

A Oh, I think not. As far as we know, this is a solitious gas dried reservoir and the rate of production will not affect recovery, ultimate recovery in any way that we know

of and we're too far away from any other operator's land to affect them. So I'd think that the producing rates will have no adverse effect on anybody.

Q Mr. Greer, if the order is not amended to permit the accumulation and transfer and production of back allowables, will the loss of this allowable result in economic hardship to your company?

A Yes, sir, we feel -- of course, as we indicated to the Commission when this temporary order was granted we will conduct whatever interference tests are necessary to give the Commission the proper information on which to make a determination when the hearing comes up for a permanent order and we feel this type of test is necessary and we will conduct this type of a test. We certainly hate to do it, you know, at a cost to us, this amount of money, but if our request is not granted we will nevertheless make a test.

Q But, as a result of economic hardship of approximately \$200,000?

A Yes, sir.

Q Do you have any further comments with regard to this map, Mr. Greer?

A I believe that's about all I have.

MR. COOLEY: That concludes our testimony. We offer into evidence Exhibit Number 1.

MR. UTZ: Without objection Exhibit Number 1 will be entered into the record in this case.

Now, so that this Exhibit will portray the proper well numbers, I've already found one error, we better clarify it. The wells in Section 11, the westernmost well is 12-11.

THE WITNESS: 12-11, that's correct.

MR. DURRETT: The eastern well is 16-11?

THE WITNESS: That's correct.

MR. DURRETT: The well south of that in Section 13 is 13-13?

THE WITNESS: The well in Section 13 is 13-13, it should be 11-13.

MR. UTZ: And the well in Section 23 is 1-23?

THE WITNESS: That's correct. We apologize for the confusion.

CROSS EXAMINATION

BY MR. UTZ:

Q Now, in order to clarify the test procedure that you desire to run, I followed you to a certain point that was at the end of the thirty or sixty day shut in period for all the wells. Then you wanted to open some of them up and did you state which wells you wanted to produce?

A It would depend on the results of the completion and recompletion of the 1-14 and 1-23. If those both result in

producers I would suggest producing the two outside wells which would be the 1-23 and the 12-11 and leaving the three center wells shut in.

Q And what type of test, now, would you run on the shut in wells?

A Our thinking was to take bottom hole pressure tests and depending on the condition of the well if we can bleed the gas off the surface such that we can wind up with more than or less dead oil in the hole then we will, along with the pressure measurements, take fluid level measurements simply to confirm the direction of the pressures and primarily to determine the time which we can first determine the interference. We think this would be of some value to us in analyzing the reservoir itself and its properties.

Q How often would you take these bottom hole pressure tests?

A Our thought was probably three to four pressure tests a month, perhaps five. Initially, if we can take fluid level pressures we'd probably take them every day for a few days.

Q And would you conduct the tests in this manner until you obtain something like thirty pounds?

A Until we had brought it down approximately thirty pounds.

Q And after this phase it would be your suggestion, as

I understand it, to shut the hole free then once more until you obtained stabilization for how long?

A Well, at least until we had a pretty good indication of what the pressures were going to do, after the pressures were shut in it might not be necessary to.

MR. DURRETT: Are you talking about shutting in the whole field or just the test area?

THE WITNESS: Just the test area. Oh, no, we have another area of development in the Chiquito Field.

Q (By Mr. Utz) Well, it's all the wells in this immediate area?

A Yes, sir.

Q An estimate of time of shut in would be thirty or sixty days?

A Well, depending upon the information we gather from the first shut in period I would think that we could possibly reduce the last one somewhere and at this time I would guess that thirty days would probably be adequate.

Q So the shut in period on this test would take roughly ninety days and you have no idea how long the float tests would take?

A No, sir. I'm guessing now at three months, and I have made this estimate based on the tests which we have taken so far which indicate that it will take thirty months if we can

produce two of the wells at fairly high rates. If the wells do not support high rates over a sustained period of time, then the test will undoubtedly be longer.

Q So, we're looking at it in order to accomplish these tests a minimum of six months' time?

A Yes, and I'd say this is the very minimum so far as producing time.

Q Now, in your transfer request, you spoke of current allowables at the time the allowables were assigned. Now, by that, do you mean that, say the first month of this test, say you'd have "X" amount of allowables, you would want twelve months to make up that allowable?

A That's correct.

Q And the six months' allowable would be "X" number of barrels and you'd want twelve months to make up your allowable?

A Yes, sir.

Q So, if the tests were completed -- so, actually to make up all your allowables the period you'd be asking for is eighteen months?

MR. COOLEY: Well, in effect, what is requested for is eighteen months, but we do not request that any accumulated back allowables be left on the books from the date it's allocated.

MR. UTZ: This would require a minimum of eighteen

months' special bookkeeping?

MR. COOLEY: Yes.

MR. UTZ: Depending on the length of the test?

MR. COOLEY: Yes.

THE WITNESS: I guess it would, I'm not sure that we would need the full twelve months.

(Discussion off the record.)

(Back on the record.)

Q (By Mr. Utz) Mr. Greer, then what would be your recommendations as far as the length of time after completion of your interference tests which the date would be established by you, I presume, when you felt that you had the wells shut in long enough on the shut in period, do you think you'll need in order to make up the allowable?

A I think six months would be an adequate length of time from the time of the completion of the tests to make up the allowable.

MR. UTZ: Are there questions of the witness?

CROSS EXAMINATION

BY MR. DURRETT:

Q Have you ever had any indications, Mr. Greer, of recovery?

A You mean as to ultimate recovery?

Q Yes.

A No, sir, I believe that we can see no indication, I would say that the only tests that we made so far of course would be gas-oil ratio tests, which as you know, are measured by efficiency. We've produced at rates from 80 barrels a day in our smaller wells to several times that in our better wells and the gas-oil ratio has been as near as we can measure to saying that in all the wells and all the rates of production.

CROSS EXAMINATION

BY MR. PORTER:

Q One thing I was wondering about was, do you think these wells should be tested at the outset of the test period to establish what their producing capabilities are?

A Oh, yes, I believe that's part of the written order and we would not suggest that be changed. In fact, we would think this would be a necessary part of the conditioning of the wells prior to starting the tests. In fact, we would like to have the Commission's witness help us make the tests. We are set up at the present time with individual batteries on each well and it's a very simple matter to test each well. In fact, they can all be tested at one time.

Q I believe you asked that a limitation be imposed of 100 per cent or no one well would be allowed to produce no more than two full allowables during this period?

A Yes, sir, I believe the present order is one and a



half times and so we're asking that it be increased to two times.

MR. PORTER: I believe that's all I have.

MR. UTZ: Mr. Arnold?

CROSS EXAMINATION

BY MR. ARNOLD:

Q Mr. Greer, how much gas production do you have?

A The gas-oil ratio is between three and 400 cubic feet per barrel. I'd say an average now is probably from 350 to 375 cubic per barrel.

Q What does that total amount come to?

A Assuming we'd get all the wells on production we'd estimate about 400,000 feet a day.

Q Do you think that these wells might jump your ratio during that six months' period?

A We doubt that it would from the information that we have at this time. I believe we've produced out of the area now about 150,000 barrels of oil with no change in the ratio and I would judge that for the time of this test there would not be much change. Incidentally, along this line we have plans and I have purchased the pipe to connect the gas produced from these wells and put it into the El Paso pipe line some several miles to the southwest, probably be spring before we get this done.

MR. ARNOLD: That's all I have.

RECROSS EXAMINATION

BY MR. UTZ:

Q Now, is it your intention to make up all of this allowable within the range of the wells, the five wells that you show on Exhibit Number 1?

A Oh, yes, I presume we would have to make the allowable up either out of the transfer wells or the other wells once we put them back on production.

Q So that you're not requesting here permission to make up allowables from new wells?

A Oh, no, we're thinking only about the wells presently in the test area.

MR. COOLEY: The five wells?

THE WITNESS: The five wells.

RECROSS EXAMINATION

BY MR. PORTER:

Q In other words, all of your production would be from these wells and this production would be made up of these wells?

A Yes. We would, of course, like for the order to be written up such that we could use the same principal of interference tests in the other areas of the pool. In other words, we're conducting this one test in this one area, now, sometime within a year we'd like to commence a test in the north

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part of the pool for the simple reason that we're dealing with deep wells and shallow wells and we feel like we need these tests of this particular one in the deep area and one of the shallow area. To condition this, of course, we can ask for special rules for the shallow area, but if the order could be written such as to cover any testing within the pool it might save another hearing. This is not a necessity, it's just a suggestion.

MR. COOLEY: Under the present order, any interference test must be approved by the Secretary-Director prior to the commencement of the test.

THE WITNESS: That's true, we presume that we will submit the details of this test for an approval prior to the time that we conduct it, but what I was thinking about, was that we might not have to have another hearing.

MR. COOLEY: The point that I was trying to make, that later on if and when you do proceed when you want the additional test in the northern shallow area of the pool that you could propose your test to the Secretary-Director and at that time if he felt that there was inequity there or any circumstances that brought the matter into question, why, he could refuse administrative approval and call the matter to hearing, and of course, offset operators are required to be notified, correlative rights is about the only matter that

would make any difference in the time of the test.

MR. PORTER: Is your application limited to this area?

THE WITNESS: No, it's to the entire pool. We're trying to conduct interference tests in the area circled in green?

THE WITNESS: At the present time it is limited to the area circled in green. We would like in the future, possibly a year hence, propose to make an additional test in the northern shallow area which would also be an interference area and the proposal which is required by an original order of the test we submitted to yourself would have the rest of the area again circled and the wells from which back allowables could be produced and transferred to, and so forth, would again be delineated, but the proposal on the application is to amend the order, and generally to permit the accumulation of back allowables and the transfer and make-up of the thing anywhere in the pools.

MR. UTZ: Does your proposal include transfer of allowables also in connection with the test?

MR. COOLEY: Yes, it specifically requests transfer of allowables and transfer of current and back allowables.

MR. UTZ: On future tests?

MR. COOLEY: Yes.

MR. UTZ: Are there any other questions? The witness may be excused. Are there other statements in this case?

MR. COOLEY: Yes, Mr. Examiner. In support of this

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application I would like to state that I feel that the operation thus far of the Chiquito Oil Pool is a model that might well be followed in the future and certainly is an essential in this State in that upon discovery of the pool this is not a mad drilling race to produce and drill and develop before the detailed characteristics of the pool are made known. And as is the usual case, the pool is depleted as in the case of the Tota and Cha Cha Pools before the airs and waste that took place are known.

In this case we have enough controls by virtue of the units that are involved here and it will be necessary on the part of the major owner and operator, the applicant in this case, to conduct extensive tests at considerable expense and they are not only willing but eager to do so. We here are offered an opportunity to use foresight and do something about it rather than hindsight and be sorry about it as we have in the past. And we urge that an operator who is willing to develop an oil pool in this fashion not be penalized more than is necessary by virtue of the physical facts and direct expenditures that must be incurred in connection with such tests and that we be permitted to produce as much of our allowable that has been dually allocated under the order within the reasonable time limit proposed and not thus be penalized an additional \$200,000 for our willingness to develop this

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information in advance. Thank you.

MR. UTZ: Are there other statements? The case will be taken under advisement. The hearing is adjourned.

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss

I, JOHN ORFANIDES, Court Reporter, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings, to the best of my knowledge, skill and ability.

John Orfanides
COURT REPORTER

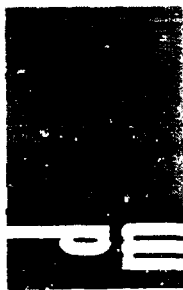
I do hereby certify that the foregoing is a complete record of the proceedings in the hearing of Case No. 3184, held by me on Dec. 15, 1964.

Shirley A. Jolly, Examiner
New Mexico Oil Conservation Commission

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